

Message Text

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60

ACTION EUR-12

INFO OCT-01 IO-04 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00

COME-00 EB-04 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01

SP-02 STR-01 TRSE-00 LAB-01 SIL-01 SAM-01 OMB-01 SS-15

NSC-05 L-01 PA-01 PRS-01 USIA-06 EA-06 NEA-06 DRC-01

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R 181910Z OCT 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7650

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION GENEVA

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E.O. 11652: NA

TAGS: ETRD, EC, GATT, CA

SUBJECT: COMMUNITY/CANADIAN TRADE AGREEMENT

REF: A) EC BRUSSELS 8054 B) EC BRUSSELS 7785

1. BEGIN SUMMARY: COMMISSION AND CANADIAN DELEGATION SOURCES AGREE
THAT THE OCTOBER 15 EC COUNCIL DECISION HAS PUT THE PROJECT FOR A
COMMUNITY/CANADIAN TRADE AGREEMENT BACK TO THE STARTING POINT.

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HOWEVER, PRESSURE FROM PRIME MINISTER TRUDEAU DURING NEXT WEEK'S

VISIT COULD GET IT STARTED AGAIN. CANADIANS ARE ANGRY AT THE FRENCH, WHO, ALONG WITH THE BRITISH SEE TRADE POLICY OBJECTIONS TO A BILATERAL GATT-LIKE AGREEMENT. END SUMMARY.

2. IN THE AFTERMATH OF THE EC COUNCIL'S FAILURE TO AGREE TO A NEED FOR "CONTRACTUAL LINKS" BETWEEN CANADA AND THE COMMUNITY (REFTEL A), IT SEEMS CLEAR THAT NOTHING CAN BE DONE PRIOR TO PRIME MINISTER TRUDEAU'S BRUSSELS VISIT NEXT WEEK TO MAKE PROGRESS TOWARD A NEW TRADE AGREEMENT. COMMISSION SOURCES SAY THE MAXIMUM TO BE EXPECTED ARE MUTUAL EXPRESSIONS OF GOODWILL BETWEEN THE COMMISSION AND CANADA. THE COUNCIL HAD AGREED ON THE TEXT OF A COMMUNIQUE. HOWEVER, THE PRESENT CANADIAN POSITION IS THAT THE TEXT IS SO UNSATISFACTORY THAT THEY PREFER TO HAVE NO COMMUNIQUE.

3. THE TEXT AGREED AT LUXEMBOURG, WHICH WILL NOW PERHAPS MERELY SERVE AS AN EXPRESSION OF COMMUNITY POLICY, IS AS FOLLOWS (ROUGH MISSION TRANSLATION FROM THE FRENCH):.

BEGIN TRANSLATION: THE CONVERSATIONS WHICH HAVE TAKEN PLACE DURING THE COURSE OF THE VISIT BY THE CANADIAN HEAD OF GOVERNMENT TO EUROPEAN CAPITALS HAVE PERMITTED CONFIRMATION OF THE IMPORTANCE WHICH THE COMMUNITY AND ITS MEMBER STATES, ON THE ONE HAND, AND CANADA, ON THE OTHER, ATTACH TO THE TIGHTENING OF THEIR TRADITIONAL BONDS AS WELL AS TO THE FLOWERING OF THEIR ECONOMIC AND COMMERCIAL RELATIONS. THESE BONDS ARE NATURALLY BASED ON A COMMON LINGUISTIC, CULTURAL AND HISTORIC PATRIMONY, AS WELL AS ON SHARED VALUES AND ASPIRATIONS. THEY PROCEED EQUALLY FROM THE REALIZATION BY BOTH PARTIES OF THE IMPORTANT ROLE THAT THEY PLAY IN INTERNATIONAL ECONOMIC RELATIONS AND OF THE OBLIGATIONS WHICH FLOW THEREFROM FOR THEM. TAKING ACCOUNT OF THESE VALUES, OF THESE INTERESTS AND OF THESE COMMON OBJECTIVES, THE TIGHTENING OF BONDS BY MEANS WHICH REMAIN TO BE NEGOTIATED AMONG THE PARTIES WILL PERMIT THE SHORING UP OF MUTUAL RELATIONS BETWEEN THE COMMUNITY AND CANADA FOUNDED ON THEIR COMMON ADHESION TO THE GATT AND THEIR PARTICIPATION IN THE OECD AND WILL PERMIT THEM TO PURSUE AND INTENSIFY THE ALREADY-ESTABLISHED PRACTICES OF CONSULTATION, THUS OFFERING A NEW OCCASION TO DEVELOP RECIPROCAL COOPERATION IN THE INTEREST OF ALL. END TRANSLATION.

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4. THE COMMISSION REALIZES THAT THE OUTCOME WAS A DISAPPOINTMENT FOR THE CANADIANS (CANADIAN AMBASSADOR LANGLEY TOLD AMBASSADOR GREENWALD THAT THE CANADIANS WERE DEFINITELY ANNOYED AT THE FRENCH FOR BLOCKING COUNCIL AGREEMENT ON A CONTRACTUAL LINK). ACCORDING TO OUR COMMISSION SOURCES, THE DECISION WAS ALSO A DISAPPOINTMENT TO SOME EXTENT TO THE COMMISSION, THOUGH THE COMMISSION IS TRYING "NOT TO BE

TRAGIC". THE COMMISSION HAS POINTED OUT TO THE CANADIANS THAT ONE OF THE REASONS FOR THE COUNCIL DECISION WAS THAT DESPITE THE ENTUSIASM OF CANADIAN OFFICIALS FOR SUCH AN AGREEMENT, CANADIAN MINISTERS IN THEIR CONVERSATIONS WITH MINISTERS IN MEMBER STATES NEVER SEEM TO RAISE THE SUBJECT. CONSEQUENTLY IF THERE IS POLITICAL PRESSURE FOR SUCH AN AGREEMENT, PRIME MINISTER TRUDEAU'S VISIT TO EUROPE WILL PROVIDE A GOOD OPPORTUNITY FOR CANADIAN MINISTERS TO EXPRESS THEIR SENTIMENTS. IF TRUDEAU DOES PUSH, THE PROPOSAL MAY REVIVE.

5. COMMISSION SOURCES SAY THAT THE COUNCIL MEETING WAS INTERESTING IN THAT BOTH THE UK (SHORE) AND THE FRENCH (SEGAR) OBJECTED TO AN AGREEMENT WHICH WOULD MERELY REPLICATE THE GATT. THIS REPRESENTED A CHANGE FOR BOTH COUNTRIES. OUR COMMISSION SOURCES WERE NOT SURE ABOUT ALL THE REASONS FOR THE FRENCH OBJECTIONS BUT THEY CAME FROM THE ELYSEE, WHICH HAD BEEN TAKEN BY SURPRISE BY THE PROPOSAL, PARTIALLY BECAUSE NO CANADIAN MINISTER HAS MENTIONED THE SUBJECT. THE EC HAS NO SUCH AGREEMENT WITH ANY OTHER DEVELOPED COUNTRY AND THE FRENCH BELIEVE THAT SUCH A DEPARTURE FROM PRACTICE DESERVES CAREFUL CONSIDERATION. THE FRENCH ALSO BELIEVED THAT AN AGREEMENT GOING BEYOND A GATT-TYPE AGREEMENT MIGHT EVOLVE IN DIRECTIONS, WHERE THEY WOULD HAVE TO OBJECT BECAUSE OF COMMUNITY COMPETENCE. OTHER SOURCES HAVE SAID THAT THEY THOUGHT THE FRENCH FELT THAT THEIR BILATERAL RELATIONS WITH CANADA WERE SATISFACTORY AND NEEDED NO DILUTION BY A COMMUNITY AGREEMENT. GREENWALD

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